



THE PENINSULA REGENT

Your Life. Your Way.

January 31, 2018

Allison Nakatomi
Department of Social Services
744 "P" Street, M. S. 10-90
Sacramento, CA 95814

Re: Annual Report of Bay Area Senior Services
dba The Peninsula Regent

Dear Allison:

Enclosed you will find the following compliance items for the fiscal year ending September 30, 2017 for Bay Area Senior Services.

1. Annual report checklist
2. Resident population Form 1-1 and Annual Provider Fee Form 1-2
3. Checks for the annual provider fee
4. Certificate of the Chairman of the Board
5. Insurance policies
6. Audited Financial Statement and Auditors Opinion with direct method cash flow
7. Audited Reserve Reports
8. Annual Disclosure Statement
9. Report on CCRC monthly service fees, form 7-1.

Sincerely,

Brian McLemore, CEO
Pacific Retirement Services, Inc
Bay Area Senior Services

ANNUAL REPORT CHECKLIST
FOR
FISCAL YEAR ENDED: September 30, 2017

PROVIDER: Bay Area Senior Services, Inc

FACILITY(IES): The Peninsula Regent

CONTACT PERSON: Anita Tucker

TELEPHONE NO.: (541) 857-7624

EMAIL: atucker@retirement.org

Your complete annual report must consist of 3 copies of the following:

- This cover sheet.
- Annual Provider Fee in the amount of: 7,888.65
- Certification by the provider's chief executive officer that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The Provider is maintaining the required liquid reserve and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Services Fees" for each community.
- Provider's Refund Reserve Calculation(s) - Form 9-1 abd/or 9-2, if applicable. community.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	237
[2]	Number at end of fiscal year	238
[3]	Total Lines 1 and 2	475
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x 0.50
[5]	Mean number of continuing care residents	237.5
All Residents		
[6]	Number at beginning of fiscal year	237
[7]	Number at end of fiscal year	242
[8]	Total Lines 5 and 6	479
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x 0.50
[10]	Mean number of all residents	239.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	0.99

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) <u>8,332,395</u>
[a]	Depreciation <u>377,311</u>
[b]	Debt Service (Interest Only) <u>-</u>
[2]	Subtotal (add Line 1a and 1b) <u>377,311</u>
[3]	Subtract Line 2 from Line 1 and enter result. <u>7,955,084</u>
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) <u>0.99</u>
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4) <u>7,888,654</u>
[6]	Total Amount Due (multiply Line 5 by .001) <u>x 0.001</u> <u>7,888.65</u>

Provider: Bay Area Senior Services, Inc
Community: The Peninsula Regent



THE PENINSULA REGENT

Your Life. Your Way.

January 31, 2018

Allison Nakatomi
Department of Social Services
744 "P" Street, M. S. 10-90
Sacramento, CA 95814

Re: Annual Report of Bay Area Senior Services,
dba The Peninsula Regent
Certification by Chief Executive Officer

The annual report and any amendments thereto are correct to the best of my knowledge.

To the best of my knowledge every continuing care contract form in use or offered to new residents has been approved by the Department of Social Services.

As of January 31, 2018 Bay Area Senior Services is maintaining the required liquid reserve and refund reserve.

Sincerely,

Brian McLemore, CEO
Pacific Retirement Services, Inc
Bay Area Senior Services

BAY AREA SENIOR SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**BAY AREA SENIOR SERVICES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area Senior Services, Inc.
San Mateo, California

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Senior Services, Inc. (a California nonprofit public benefit corporation), which comprises the statement of financial position as of September 30, 2017, and the related statements of activities and changes in net assets, and cash flows for the nine-month period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Bay Area Senior Services, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Senior Services, Inc. as of September 30, 2017, and the results of its operations, changes in its net assets, and its cash flows for the nine-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
January 8, 2018

**BAY AREA SENIOR SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents:	
Operating Cash	\$ 2,644,588
Cash Reserves	4,854,606
Total Cash and Cash Equivalents	<u>7,499,194</u>
Accounts Receivable	168,660
Supplies and Prepaid Expenses	270,956
Total Current Assets	<u>7,938,810</u>

PROPERTY AND EQUIPMENT, NET 4,554,421

OTHER ASSETS

Receivables from Members, Noncurrent	<u>112,236</u>
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Total Assets \$ 12,605,467

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 819,302
Due to Lessor	1,626,448
Refundable Member Deposits	114,002
Other Liabilities	65,616
Due to Affiliates	571,796
Total Current Liabilities	<u>3,197,164</u>

UNRESTRICTED NET ASSETS 9,408,303

Total Liabilities and Net Assets \$ 12,605,467

See accompanying Notes to Financial Statements.

**BAY AREA SENIOR SERVICES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

OPERATING REVENUES

Service Fees	\$ 8,562,662
Transfer Fees	2,709,767
Investment Income	10,146
Other Revenue	508,353
Total Operating Revenues	<u>11,790,928</u>

OPERATING EXPENSES

Program Expenses:	
Dietary	2,237,720
Facility Services and Utilities	2,485,944
Health and Social Services	206,291
Assisted Living	954,850
General and Administrative Expenses:	
Administrative and Marketing	2,046,704
Lease	2,230,111
Depreciation	377,311
Fees to Affiliates:	
Management Services	571,230
Accounting Services	10,000
Contribution to BRIDGE	119,896
Total Operating Expenses	<u>11,240,057</u>

CHANGE IN UNRESTRICTED NET ASSETS

550,871

Net Assets - Beginning of Period

8,857,432

NET ASSETS - END OF PERIOD

\$ 9,408,303

See accompanying Notes to Financial Statements.

BAY AREA SENIOR SERVICES, INC.
STATEMENT OF CASH FLOWS
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Members - Monthly Fees	\$ 8,450,375
Cash Received from Members - Transfer Fees	2,709,767
Other Operating Cash Receipts	501,545
Cash Paid to Employees and Suppliers	(9,786,542)
Investment and Interest Income	5,303
Net Cash Provided by Operating Activities	<u>1,880,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(917,589)
Change in Receivables from Members, Noncurrent	(26,353)
Net Cash Used by Investing Activities	<u>(943,942)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	936,506
Cash and Cash Equivalents - Beginning of Period	<u>6,562,688</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	<u>\$ 7,499,194</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Operating Cash	\$ 2,644,588
Cash Reserves	4,854,606
Total Cash and Cash Equivalents	<u>\$ 7,499,194</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in Net Assets	\$ 550,871
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	377,311
Net Changes in:	
Accounts Receivable	(72,790)
Supplies and Prepaid Expenses	(42,531)
Accounts Payable and Accrued Expenses	155,541
Due to Lessor	303,746
Refundable Member Deposits	(7,692)
Other Liabilities	44,196
Due to Affiliates	571,796
Net Cash Provided by Operating Activities	<u>\$ 1,880,448</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Property and Equipment Financed with Accounts Payable and Accrued Expenses	<u>\$ 92,059</u>

See accompanying Notes to Financial Statements.

**BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bay Area Senior Services, Inc. (the Corporation), is the lessee (see Note 3) and operator of The Peninsula Regent (TPR), a retirement community providing housing and other related services in San Mateo, California. The Corporation is a tax-exempt, nonprofit corporation incorporated under the laws of the state of California on July 1, 1986. The land and common areas are owned and were developed by BAC Associates (BAC), a California limited partnership. Each resident (Member) of TPR becomes a Member of the Continuing Care Members Association and the Home Owners' Association.

The Corporation changed its fiscal year-end from December 31 to September 30 subsequent to the acquisition by Pacific Retirement Services, Inc. (PRS) (see Note 2) to align its fiscal year-end with that of PRS.

The Corporation is an affiliate of PRS. PRS includes the following organizations:

- Rogue Valley Manor (RVM) (including Rogue Valley Manor Foundation, Inc.);
- The Cumberland Rest, Inc. dba: Trinity Terrace (Trinity Terrace) (including Trinity Terrace Foundation, Inc.);
- Cascade Manor, Inc. (Cascade) (including Cascade Manor Foundation, Inc.);
- University Retirement Community at Davis, Inc. (URCAD) (including University Retirement Community at Davis Foundation, Inc.);
- Holladay Park Plaza, Inc. (HPP) (including Holladay Park Plaza Foundation, Inc.);
- Mirabella (Mirabella Seattle) (including Mirabella Washington Foundation, dba: Mirabella Seattle Foundation);
- Capitol Lakes, Inc. (Capitol Lakes) (including Capitol Lakes Foundation, Inc., Middleton Glen, Inc. and Senior Housing of Middleton, Inc.);
- Mirabella at South Waterfront (Mirabella Portland) (including Mirabella Portland Foundation, Inc.);
- 25 Affordable Housing Corporations under various corporate names (AHC);
- Community Volunteer Network (CVN);
- PRS Property Holdings, LLC (included in PRS);
- Crest Park, Incorporated (Crest Park) (including Roxy Ann Peak, LLC);
- Pacific Retirement Services Foundation (PRSF) (included in PRS);
- PRS Management, Inc. [PRS MI] (including PRS Management & Consulting, LLC, and The Centennial, Inc.);
- Mirabella at ASU (Mirabella ASU).

BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying financial statements include the accounts of the Corporation. The financial statements are prepared on the accrual basis of accounting.

Performance Indicator

Change in unrestricted net assets as reflected in the accompanying statement of activities and changes in net assets is the performance indicator. Change in unrestricted net assets includes all changes in unrestricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts, commercial paper, and other securities with maturities of three months or less at date of acquisition that are not otherwise held by an investment advisor. Certain cash is designated by management as to its use, as reflected in cash reserves (see Note 4).

Accounts Receivable

The Corporation provides services to members even though they may lack adequate funds or may participate in programs that do not pay full charges. As a result, the Corporation is exposed to certain credit risks. The Corporation performs an initial financial assessment of prospective members and manages its risk by regularly reviewing its accounts, by providing appropriate allowances for uncollectible accounts and by having secured the accounts through a lien on the condominiums.

Accounts receivable are stated at the amount management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to revenues and a credit to a valuation allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to members accounts receivable. At September 30, 2017 there was no allowance for doubtful accounts.

Property and Equipment

Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Corporation capitalizes fixed assets with a cost of greater than \$2,000. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense for the period.

BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the nine-month period ended September 30, 2017.

Receivables from Members, Noncurrent

As a nonprofit corporation, the Corporation does not terminate membership agreements when Members experience financial difficulties and are unable to fully pay their monthly fees. Instead, a reduced fee is arranged based on each Member's ability to pay, as determined by the Corporation. The monthly fee reduction under this arrangement is treated as a loan from the Corporation, which is secured by the member's interest in their condominium and is to be repaid upon the sale of the condominium, along with interest. It is possible that the advances could exceed the sales value of the condominium. Management believes that none of the current advances outstanding, which total \$112,236 as of September 30, 2017, exceed the sales value of the Members' condominiums.

Net Assets

The Corporation reports three classifications of net assets. A description of each classification of net assets is as follows:

Unrestricted

Represent unrestricted resources available to support the Corporation's operations and temporarily restricted resources which have become available for use by the Corporation in accordance with the intention of the donor.

Temporarily Restricted

Represent contributions that are limited in use by the Corporation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Corporation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. There were no temporarily restricted net assets at September 30, 2017.

Permanently Restricted

Represent net assets subject to donor-imposed stipulations that they be maintained by the Corporation in perpetuity. There were no permanently restricted net assets at September 30, 2017.

**BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Service fees revenues are recognized in the month in which services are provided and collectability is reasonably assured. Other revenue is recognized as the related services are provided and includes food and beverage income, garage income, level of care, application fees, guest meals and other miscellaneous income.

Transfer Fees

Upon the resale of a condominium, the Corporation is entitled to a transfer fee equal to 10% of the seller's purchase price plus 75% of any realized appreciation. Revenue is recognized in the period in which the condominium sale takes place. Pursuant to various agreements, the Corporation allocates portions of earned transfer fees as shown below.

	Share
Marketing Agreement	5.00 %
Management Agreement (See Note 6)	23.75
Lease Agreement (See Note 3)	71.25
Total	100.00 %

Tax-Exempt Status

The Corporation has been recognized by the Internal Revenue Service as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statement of activities and changes in net assets.

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At September 30, 2017, there were no such uncertain tax positions.

Concentrations of Risk

The Corporation's cash and cash equivalents consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Corporation expenses advertising costs as incurred. The Corporation's advertising expense for the nine-month period ended September 30, 2017 was \$234,944.

NOTE 2 AFFILIATION, PURCHASE, AND SALE AGREEMENT

The Corporation was incorporated on July 1, 1986 as a support organization for, and was an affiliate of, BRIDGE Housing Corporation (BRIDGE), a nonprofit corporation located in San Francisco, California. BRIDGE and PRS entered into an Affiliation, Purchase, and Sale Agreement (the Agreement) on November 17, 2016. Under the terms of the Agreement, which became effective on March 1, 2017, PRS acquired from BRIDGE the right to appoint all of the directors of the Corporation and a release by BRIDGE of any rights of BRIDGE in the value of the Corporation's assets.

NOTE 3 LEASE AGREEMENT

BAC (Landlord) and the Corporation entered into a lease agreement in 2003, subsequently amended in 2013. Under the terms of the lease agreement the Corporation is leasing the portion of TPR called "Parcel A". Parcel A, as defined in the amended lease agreement, is the portion of TPR in which continuing care and other services are provided and consists of the land, below ground infrastructure, garage, first floor, penthouse, roof, elevators, elevator shafts, stairwells, rooms containing utility boxes, utility shafts and the exterior building walls. Parcel B, as defined in the amended lease agreement, is the portion of TPR which consists of the residences and hallways on floors two through ten and is owned by the members and the Peninsula Regent Residential Parcel Homeowners' Association (the HOA). The residences are owned by the members and the hallways are owned by the HOA. Each condominium owner is a Member of the HOA and has an equal part ownership in it.

The lease term is through December 31, 2062. Under the terms of the amended lease agreement rent consists of two parts: base rent and contingent rent. The base rent will equal the total fixed leasehold payments collected by the Corporation in accordance with its Membership Agreements. The contingent rent consists of 75% of all transfer fees paid to the Corporation, less certain adjustments agreed to by the Landlord and the Corporation.

**BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 4 CASH RESERVES

The Corporation has set aside various cash reserves that are unrestricted and may be used for current operations should the need arise. Cash reserves have been designated by management for the following purposes. The replacement reserve includes amounts for needed major repairs and replacements. The healthcare reserve stabilizes certain TPR Members' future healthcare costs. The operating reserve is used at management's discretion if the Corporation experiences an unanticipated increase in the cost of operations or a decrease in revenue. The refundable Member deposit reserve represents the balance of refundable deposits paid by certain TPR Members prior to 2007, which is refundable upon sale of the Member's condominium. The Appreciation Fund includes amounts contributed by Members to be distributed at the discretion of TPR management.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at September 30:

	Amount
Leasehold Improvements	\$ 7,457,382
Furnishings, Fixtures, and Equipment	5,157,990
Construction in Progress	803,722
Subtotal	13,419,094
Less: Accumulated Depreciation	(8,864,673)
Total	\$ 4,554,421

Construction in progress at September 30, 2017 includes costs related to continued replacement and improvement of the leasehold and equipment, which are funded by operations.

NOTE 6 RELATED-PARTY TRANSACTIONS

PRS provides various general, administrative, and marketing services to the Corporation. The fees included in the statement of activities and changes in net assets related to these services were \$581,230 for the nine-month period ended September 30, 2017.

In addition, the Corporation, PRS MI, and other Affiliates are charged or reimbursed for salaries, benefits and direct expenses as services are provided.

BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6 RELATED-PARTY TRANSACTIONS (CONTINUED)

Amounts due to affiliates at September 30 consisted of the following:

	Amount
Due to PRS	\$ 569,511
Due to PRS MI	2,285
Total Due to Affiliates	<u>\$ 571,796</u>

The Corporation was charged for expenses of \$13,712 from BRIDGE for staff costs and other expenses for the two-month period ended February 28, 2017. Additionally, the Corporation made contributions totaling \$119,896 to BRIDGE, pursuant to its formation as a supporting organization. As of September 30, 2017, no amounts remained outstanding to BRIDGE.

NOTE 7 RETIREMENT PLANS

The Corporation was a participating employer in a 403(b) plan sponsored by BRIDGE. Employer contributions to the plan consisted of an amount to match employee contributions, up to a maximum of 3% of the employee's eligible annual compensation, plus a discretionary percentage based on the employee's eligible annual compensation.

Upon its affiliation with PRS, the Corporation became a participating employer in the Pacific Retirement Services 401(k) Plan. All employees of the Corporation are able to participate in the 401(k) plan by deferring funds from their compensation into the plan. As well, safe harbor matching funds are provided by the employer to eligible employees based on the employee contributions up to a maximum of 4% of the eligible employee's eligible annual compensation. Nonelective profit-sharing contributions are also provided at the election of the employer and are based on a percentage of the qualified employee's annual eligible compensation, as defined by the plan.

Total contributions charged to expense were \$116,142 for the nine-month period ended September 30, 2017.

NOTE 8 STATUTORY RESERVES

The Corporation is certified as a Continuing Care Retirement Community (CCRC) by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish "liquid reserves" (cash, marketable securities, etc.) equal to, or greater than, the annual principal and interest payments on long-term obligations plus 75 days of the CCRC's adjusted operating expenses. The Corporation's liquid reserves at September 30, 2017 were sufficient to meet this requirement.

BAY AREA SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 9 COMMITMENTS AND CONTIGENCIES

The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

NOTE 10 SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

The Corporation evaluated all events or transactions that occurred after September 30, 2017, up through January 8, 2018, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BAY AREA SENIOR SERVICES, INC.
TPR – SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents:	
Operating Cash	\$ 316,101
Cash Reserves	4,854,606
Total Cash and Cash Equivalents	<u>5,170,707</u>
Accounts Receivable	168,660
Supplies and Prepaid Expenses	270,956
Total Current Assets	<u>5,610,323</u>

PROPERTY AND EQUIPMENT, NET 4,189,883

OTHER ASSETS

Receivables from Members, Noncurrent	<u>112,236</u>
--------------------------------------	----------------

Total Assets \$ 9,912,442

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 705,169
Refundable Member Deposits	114,002
Employee Appreciation	65,616
Due to (from) Affiliates	<u>(16,112)</u>
Total Current Liabilities	868,675

UNRESTRICTED NET ASSETS 9,043,767

Total Liabilities and Net Assets \$ 9,912,442

BAY AREA SENIOR SERVICES, INC.
TPR – SCHEDULE OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

OPERATING REVENUES

Service Fees	\$ 8,562,662
Investment Income	10,146
Other Revenue	508,353
Total Operating Revenues	<u>9,081,161</u>

OPERATING EXPENSES

Program Expenses:	
Dietary	2,237,720
Facility Services and Utilities	2,485,944
Health and Social Services	206,291
Assisted Living	954,850
General and Administrative Expenses:	
Administrative and Marketing	1,846,558
Lease	295,736
Depreciation	359,563
Fees to Affiliates:	
Management Services	37,503
Accounting Services	10,000
Total Operating Expenses	<u>8,434,165</u>

CHANGE IN NET ASSETS

\$ 646,996

BAY AREA SENIOR SERVICES, INC.
CONTINUING CARE LIQUID RESERVE SCHEDULES
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**BAY AREA SENIOR SERVICES, INC.
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NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area Senior Services, Inc.
Medford, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Senior Services, Inc. (BASS), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the nine-month period ended September 30, 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Bay Area Senior Services, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of Bay Area Senior Services, Inc. as of and for the nine-month period ended September 30, 2017, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by BASS on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Part of Form 5-5, Description of Reserves and Additional Disclosures (Section 1790), Schedule of Interest, Credit Enhancements (letter of credit fees and other fees), Reconciliation to Audit Report, Part of Form 5-4, Non-CCRC Revenue Reconciliation, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the board of directors and management of BASS and for filing with the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Bellevue, Washington
February 12, 2018

**BAY AREA SENIOR SERVICES, INC.
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

**FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL					

(*Transfer this amount to Form 5-3, Line 1)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

Principal paid per column (b) \$ _____

Repayment of long term debt per cash flow \$ _____

PROVIDER: Bay Area Senior Services, Inc.

See accompanying Note to Reserve Reports.

**BAY AREA SENIOR SERVICES, INC.
 FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

LINE	TOTAL
1 Total from Form 5-1 bottom of column (e)	-
2 Total from Form 5-2 bottom of Column (e)	-
3 Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	2,282,641
4 TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	2,282,641

PROVIDER: Bay Area Senior Services, Inc.

See accompanying Note to Reserve Reports.

BAY AREA SENIOR SERVICES, INC.
FORM 5-4, CALCULATION OF NET OPERATING EXPENSES
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Amounts	TOTAL
1 Total operating expenses from financial statements		8,332,395
2 Deductions		
a Interest paid on long-term debt (see instructions)	-	
b Credit enhancement premiums paid for long-term debt (see instructions)	-	
c Depreciation	377,311	
d Amortization	-	
e Revenues received during the fiscal year for services to residents who did not have continuing care contract	153,851	
f Extraordinary expenses approved by the Department	-	
3 Total Deductions		531,162
4 Net Operating Expenses		7,801,233
5 Divide Line 4 by 273 and enter the result.		28,576
6 Multiply Line 5 by 75 and enter the result.		2,143,200

This is the provider's operating expense reserve amount for this community.

PROVIDER: Bay Area Senior Services, Inc.
COMMUNITY: The Peninsula Regent

**BAY AREA SENIOR SERVICES, INC.
FORM 5-5, ANNUAL RESERVE CERTIFICATION
SEPTEMBER 30, 2017**

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Bay Area Senior Services, Inc
Fiscal Year Ended: September 30, 2017

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the fiscal year ended September 30, 2017 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal years as follows:

	Amount
[1] Debt Service Reserve Amount	2,282,641
[2] Operating Expense Reserve Amount	2,143,200
[3] Total Liquid Reserve Amount:	4,425,841

Qualifying assets sufficient to fulfill the above requirements are held as follows:

Qualifying Asset Description Description	Amount (market value at end of quarter)	
	Debt Service Reserve	Operating Reserve
[4] Cash and Cash Equivalents	2,328,487	5,170,707
[5] Investment Securities		
[6] Equity Securities		-
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	-	
[10] Other: Fixed Income Securities		-
Large/Mid/Small Cap Growth/Value Deposit Account (describe qualify asset)		-
Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11] 2,328,487	[12] 5,170,707
Reserve Obligation Amount:	[13] 2,282,641	[14] 2,143,200
Surplus/(Deficiency):	[15] 45,846	[16] 3,027,507

Signature:


(Authorized Representative)

2/12/18

VP of Accounting
(Title)

Revised: January 31, 2018

**BAY AREA SENIOR SERVICES, INC.
FORM 5-5, NOTE TO RESERVE REPORTS
SEPTEMBER 30, 2017**

NOTE 1 BASIS OF ACCOUNTING

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the state of California Department of Social Services and are not intended to be a complete presentation of Bass Area Senior Services, Inc.'s assets, liabilities, revenues, and expenses.

BAY AREA SENIOR SERVICES, INC.
PART OF FORM 5-5, DESCRIPTION OF RESERVES AND ADDITIONAL DISCLOSURES
(SECTION 1790)
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

Bay Area Senior Services, Inc.
DSS - Reserve Report - Part of Form 5-5
Description of Reserves and Additional Disclosures (Section 1790)

Per Capita Cost of Operations

Operating Expenses (Form 5-4 line # 1)	8,332,395
---	-----------

Mean # of all residents (Form 1-1 line 10)	240
---	-----

Per Capita Cost of Operations	34,791
--------------------------------------	---------------

BAY AREA SENIOR SERVICES, INC.
PART OF FORM 5-4, NON-CCRC REVENUE RECONCILIATION
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

Bay Area Senior Services, Inc.
Calculation of Net Operating Expenses - Form 5-4
Reconciliation to 2017 Audited Financial Statements
January 2017 - September 2017

Support and revenue for TPR	
Resident fees and services	\$ 8,562,662
Transfer fees	\$ 2,709,767
Non CCRC revenue *	153,851
Services not covered by monthly service fees	354,502
Subtotal	<u>\$ 11,780,782</u>
Investment and interest income	\$ 10,146
Total operating revenues	\$ 11,790,928
Expenses for TPR	
Total operating expenses	\$ 11,240,057
lease expense	<u>\$ (2,907,662)</u>
Total operating expenses Form 5-4 line 1	\$ 8,332,395
Depreciation	\$ 377,311
Lease expense	
Lease expense per audit	\$ 2,230,111
lease expense - Marketing	\$ 135,489
lease expense - Management	\$ 542,061
Total lease expense	<u>\$ 2,907,662</u>
less payments made	<u>\$ (625,020)</u>
Leasehold payments due (Form 5-3, line 3)	\$ 2,282,641

**BAY AREA SENIOR SERVICES, INC.
PART OF FORM 5-4, NON-CCRC REVENUE RECONCILIATION
NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017**

Non-CCRC revenue *

Catering	\$ 3,459
Guest Rooms	58,410
Guest Meals	66,736
HOA Management fee	23,472
Other	1,775

Total Non-CCRC other revenue	\$ 153,851
-------------------------------------	-------------------

* YTD actual revenue

Total CCRC Service fees	\$ 8,450,375
Transfer fees	2,709,767
Total CCRC Other revenue	347,694
	<u>11,507,836</u>
Per audited financial statements:	
Total CCRC service fees	8,450,375
Transfer fees	2,709,767
Total CCRC other revenue	501,545
Total CCRC/Non-CCRC Revenue	\$ 11,661,687
	<u>11,507,836</u>
Total Non-CCRC Revenue	\$ 153,851

**CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT
GENERAL INFORMATION**

FACILITY NAME: The Peninsula Regent
 ADDRESS: 1 Baldwin Ave San Mateo, CA ZIP CODE: 94401 PHONE: (650) 579-5500
 FACILITY OWNER: Bay Area Senior Services, Inc FACILITY OPERATOR: Pacific Retirement Services
 RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: _____
 YEAR OPENED: 1988 NO. OF ACRES: 2 MULTI-STORY: X SINGLE STORY: _____ BOTH: _____
 MILES TO SHOPPING CTR: 2.5 MILES TO HOSPITAL: 4

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS -STUDIO	<u>0</u>	ASSISTED LIVING <u>20</u>
APARTMENTS -1 BDRM	<u>99</u>	SKILLED NURSING <u>0</u>
APARTMENTS - 2 BDRM	<u>108</u>	SPECIAL CARE <u>0</u>
APARTMENTS - 3 BDRM	<u>0</u>	DESCRIBE SPECIAL CARE: _____
COTTAGES/HOUSES	<u>0</u>	
% OCCUPANCY AT YEAR END	<u>94.7%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS (CHECK ALL THAT APPLY): 90% 75% 50% PRORATED TO 0% OTHER: No entrance fee

RANGE OF ENTRANCE FEES: 0 TO 0 LONG -TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Access to assisted living apartments and home care visits

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): See attachment to page 1 of the CCRC Disclosure Stmt

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

SERVICES AVAILABLE

	AVAILABLE	FEE FOR SERVICE		INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH	<u>4</u>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY	<u>3</u>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

**Bay Area Senior Services, Inc
The Peninsula Regent
Disclosure Statement General Information
Supplemental Schedule - Resident Representative to and
Resident Member on the Board**

BASS BOARD VOTING MEMBER AND REPRESENTATIVE

Voting Resident (Member) Director of BASS Board

The Resident Council shall nominate and vote on a Member to participate as a voting Member of the BASS Board of Directors. Any such nomination shall be subject to the approval of the BASS Board of Directors. The person so nominated shall first have served at least three years as a Member of the Resident Council. The appointment shall be for three years. Such person may be reappointed for successive terms. If the person so appointed is not a current Member of the Council, he or she shall sit with the Council ex officio as a non-voting Member and report to the Council on matters of interest to the Council.

Non-Voting Resident (Member) Representative BASS Board

In addition to the representative nominated as a voting member of the Board, the Council shall appoint the then current Council Chair to represent the Association as a non-voting resident representative to the BASS Board of Directors. In case of the inability of the representative to attend a meeting of the BASS Board, the Council may provide for a person otherwise qualified to serve during the period of inability.

**SINGLE-SITE FACILITY
FINANCIAL DISCLOSURE STATEMENT
FACILITY NAME: The Peninsula Regent**

9 month
01/01/17 - 09/30/17
2017

	2014	2015	2016	2017
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	10,560,966	10,746,569	11,617,044	11,790,928
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	10,244,843	10,560,933	10,849,935	10,862,746
NET INCOME FROM OPERATIONS	316,123	185,636	767,109	928,182
LESS INTEREST EXPENSE	-	-	-	-
PLUS CONTRIBUTIONS	-	-	-	-
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-	-	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	316,123	185,636	767,109	928,182
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	-	-	-	-

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD

FINANCIAL RATIOS (see next page for ratio formulas)

	2014	2015	2016	2017
DEBT TO ASSET RATIO				
OPERATING RATIO	0.97	0.98	0.93	0.92
DEBT SERVICE COVERAGE RATIO				
DAYS CASH-ON-HAND RATIO	184	162	172	188

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2014	%	2015	%	2016	%	2017
STUDIO							
ONE BEDROOM	\$ 2,938.00	4.00%	\$ 3,054.00	5.90%	\$ 3,234.00	4.21%	\$ 3,370.00
TWO & THREE BEDROOM	\$ 3,782.00	4.00%	\$ 3,932.00	5.90%	\$ 4,164.00	4.20%	\$ 4,339.00
COTTAGE/GARDEN APT							
ASSISTED LIVING	\$ 3,747.00	4.00%	\$ 3,896.00	20.60%	\$ 4,700.00	4.19%	\$ 4,897.00
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER:

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\text{Total Operating Expenses} \\ \text{--Depreciation Expense} \\ \text{--Amortization Expense}}{\text{Total Operating Revenues} \\ \text{--Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\text{Total Excess of Revenues over Expenses} \\ \text{+Interest, Depreciation,} \\ \text{and Amortization Expenses} \\ \text{--Amortization of Deferred Revenue} \\ \text{+ Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash} \\ \text{And Investments} \\ \text{+ Unrestricted Non-Current Cash} \\ \text{And Investments}}{(\text{Operating Expenses - Depreciation} \\ \text{-Amortization})/365}$$

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>INDEPENDENT LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period:	<u>\$3,032 - \$4,668</u>	<u>\$ 4,897</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period:	<u>4.21%</u>	<u>4.19%</u>	<u>0.00%</u>

[] Check here if monthly service fees at this community were not increased during the reporting period.

[3] Indicate the date the fee increase was implemented: January 1, 2017

[4] Check each of the appropriate boxes:

[X] Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

[X] All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

[X] At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

[X] At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

[X] The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

[X] The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

FORM 7-1

PROVIDER NAME: Bay Area Senior Services, Inc
 COMMUNITY NAME: The Peninsula Regent

Each year as part of our budget process we incorporate suggestions from residents on ways in which we can improve the services we provide. We also work closely with our department heads to include those suggestions where possible and to refine our program of services while keeping the costs as low as possible.

As you can imagine, with so many different individuals: residents, employees and board members, our budget takes several months each year to prepare before it is finalized. The BASS Board and Pacific Retirement Services have reviewed and approved the budget for this next fiscal year.

Our goal each year is to produce a budget, which keeps monthly rate increases reasonable while continuing to maintain and improve the services we provide. The budget must cover inflationary increases (including the necessary adjustments to salaries and benefits to retain and attract quality employees) and meet regulatory requirements, bond covenants, and our actuarial reserve requirements.

Rates for all levels of care were increased 4.2%. Our goal is to build and staff The Peninsula Regent to provide a great place for you to live a happy and health life. We will be monitoring our services and implementing changes as necessary.

We realize the importance of keeping fee increases to the most reasonable level possible and have made every effort to do so.

**FIVE-YEAR HISTORY OF AVERAGE MONTHLY FEES**

	2014	2015	2016	2017	2018
Base Monthly Fee					
A	2,643	2,748	2,910	3,032	3,170
B/C	3,048	3,169	3,356	3,497	3,656
D/E	3,577	3,719	3,939	4,104	4,290
F/G/H	4,068	4,230	4,480	4,668	4,880
2nd Person	1,525	1,585	1,679	1,749	1,828
Assisted Membership/Assisted Living	3,747	3,896	4,700	4,897	5,119
HOA Dues	30	35	35	35	37
Change from Previous Year	2014	2015	2016	2017	2018
A	3.48%	3.97%	5.90%	4.19%	4.55%
B/C	3.50%	3.97%	5.90%	4.20%	4.55%
D/E	3.50%	3.97%	5.92%	4.19%	4.53%
F/G/H	3.51%	3.98%	5.91%	4.20%	4.54%
2nd Person	3.53%	3.93%	5.93%	4.17%	4.52%
Assisted Membership	3.51%	3.98%	20.64%	4.19%	4.53%
HOA Dues	0.0%	16.67%	0.0%	0.0%	5.71%

(As each fee is rounded to the whole dollar, slight variances in the percentage change may result.)